

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The preliminary estimate for **inflation-adjusted Gross Domestic Product (GDP)** showed growth of 4.4% in the first quarter of 2004, compared with 4.1% and 8.2% growth in the two previous quarters. The increase in growth reflected greater Federal spending, particularly military spending, and growth in personal consumption expenditures that more than offset declines in state and local government spending. The drag on economic growth from international trade worsened, as exports rose 4.9% while imports increased 5.9%.
- The **U.S. Consumer Price Index (CPI)** increased at an annual rate of 8.0% between April and May and was 3.0% above the level in May 2003. Significant year-over-year growth occurred in several sectors, with energy prices 15.0%, food prices 4.0% and medical care 4.6% above the level in May 2003. Energy prices and food prices also showed the largest increases compared with April 2004, rising at annual rates of 71.5% and 11.6%, respectively.
- Both short-term and long-term **interest rates** rose in May. The rate on 3-month Treasury bills increased 10 basis points between April and May, to 1.04%, the highest rate since May 2003. However, the May yield on 3-month Treasury bills was still lower than the average annual rate for at least the last 44 years. The yield on 10-year Treasury bills increased nearly 40 basis points, to 4.72%, and was at its highest level since June 2002.
- **Housing starts** fell 0.7% between April and May, after falling 2.1% between March and April. However, housing starts were more than 12.5% above the level in May 2003. Starts of single-unit dwellings increased 1.4%, but were more than offset by a 16% decline in multiunit structures with five or more units. Increased starts in the West were more than offset by declines in the Northeast, South, and Midwest regions.



- **Michigan motor vehicle production** increased 9.9% between March and April, on a seasonally adjusted basis, and was 12.0% above the level one year ago. Light truck production accounted for most of the year-over-year improvement, with a 31.5% increase, while auto production accounted for the majority of the March-to-April increase, rising 12.9%.
- **Michigan's unemployment rate** increased to 6.5% in May, after falling from 6.9% in March to 6.1% in April. The March-to-April change, however, largely reflected the exit of the unemployed from the labor force, rather than job creation. Similarly, the increase in the unemployment rate in May largely reflected job seekers' re-entering the labor force, which grew by 38,000 people between April and May. Employment rose by 12,000 between April and May, double the March-April increase, while the number of people unemployed grew by 26,000.
- **Average weekly earnings** and **average weekly hours** were above year-ago levels during April in most sectors. Noticeable exceptions included motor vehicle manufacturing, grocery stores, and financial activities. Average weekly earnings exhibited the most growth in the wholesale trade sector, with earnings 11.6% above the year-ago level.

U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

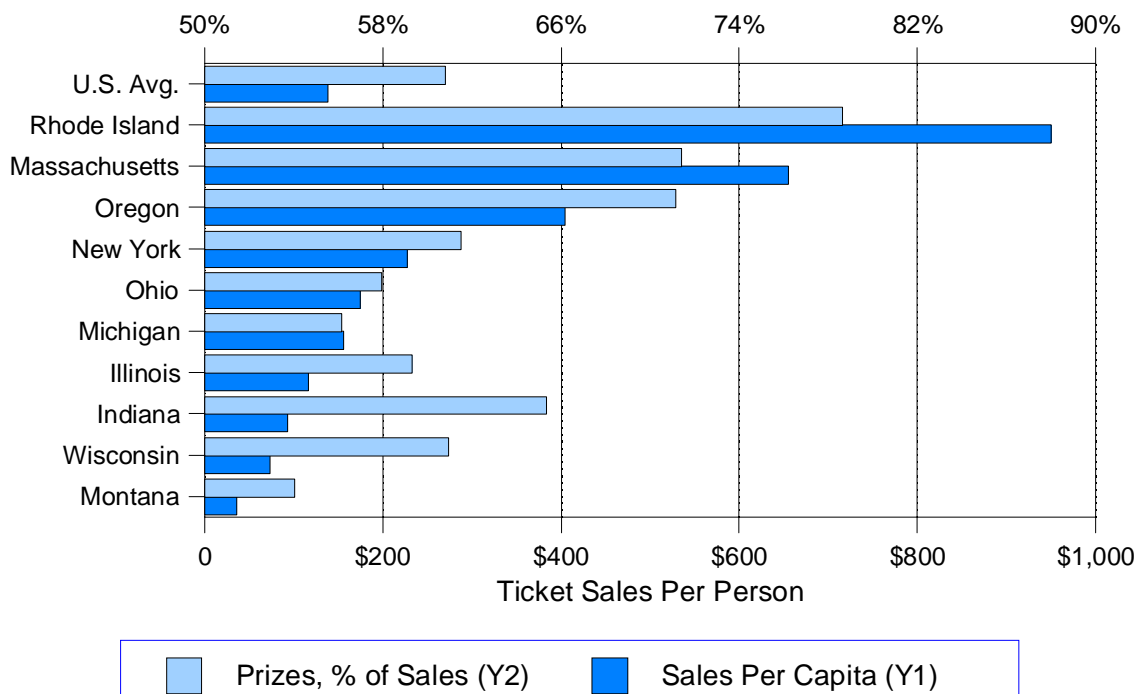
U.S.	May 2004	April 2003	May 2003	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	146,974	146,741	146,462	233	0.2%	512	0.3%
Employment	138,772	138,576	137,505	196	0.1	1,267	0.9
Unemployment	8,203	8,164	8,957	39	0.5	(754)	(8.4)
Unemployment Rate	5.6%	5.6%	6.1%	---	---	---	---

Michigan	May 2004	April 2004	May 2003	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,070	5,032	5,043	38	0.8%	27	0.5%
Employment	4,738	4,726	4,680	12	0.3	58	1.2
Unemployment	332	306	363	26	8.5	(31)	(8.5)
Unemployment Rate	6.5%	6.1%	7.2%	---	---	---	---

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Per Person Lottery Sales and Prize Payout Rates, 2002

Prizes, Percent of Ticket Sales



Source: U.S. Bureau of the Census. Note: U.S. Average is somewhat biased by the way some states report video lottery sales and prizes.

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	May 2004	Apr, 2004	May 2003	<u>Change from April</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,396	4,388	4,426	8	0	(30)	(1)
Goods Producing Industries	911	912	930	(2)	(0)	(19)	(2)
Natural Resources & Mining	8	8	8	0	0	0	0
Construction	190	191	191	(1)	(1)	(1)	(1)
Manufacturing	713	713	731	(1)	(0)	(18)	(3)
Transportation Equipment	274	275	282	(1)	(0)	(8)	(3)
Service Producing Industries	3,486	3,475	3,496	10	0	(10)	(0)
Trade, Transportation & Utilities	806	805	816	1	0	(10)	(1)
Information	69	68	71	0	0	(3)	(4)
Financial Activities	216	216	219	0	0	(3)	(1)
Professional & Business Services	593	592	590	1	0	3	1
Education & Health Services	550	551	541	(1)	(0)	9	2
Leisure & Hospitality Services	404	398	399	6	2	5	1
Other Services	170	169	171	1	1	(1)	(1)
Government	678	676	688	2	0	(10)	(2)

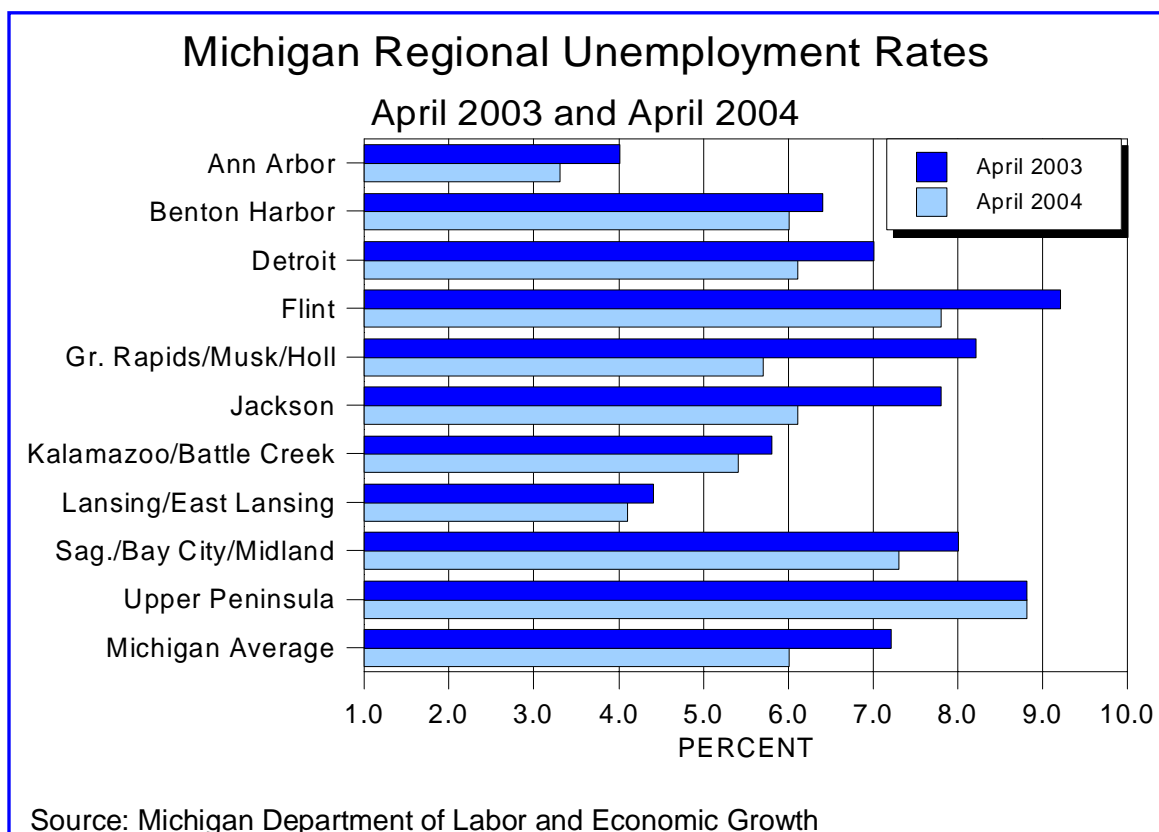
Source: Bureau of Labor Statistics, U.S. Department of Labor Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	April 2004	Year Ago	Percent Change	April 2004	Year Ago	Percent Change
Nat. Resources, Mining & Construction	37.8	37.8	0.0	825.55	836.51	(1.3)
Manufacturing	42.5	42.0	1.2	914.18	884.10	3.4
Durable Goods	43.3	43.0	0.7	989.84	963.20	2.8
Motor Vehicle Manufacturing	42.5	44.3	(4.1)	1,265.65	1,314.38	(3.7)
Motor Vehicle Parts Manufacturing	44.5	44.7	(0.4)	1,238.88	1,150.58	7.7
Nondurable Goods	39.0	37.6	3.7	587.73	547.83	7.3
Wholesale Trade	37.3	35.1	6.3	704.97	631.45	11.6
Retail Trade	29.2	28.6	2.1	330.84	314.03	5.4
Grocery Stores	24.6	25.8	(4.7)	218.45	235.30	(7.2)
General Merchandise Stores	28.3	28.2	0.4	290.36	281.44	3.2
Information	32.9	32.0	2.8	556.67	532.16	4.6
Financial Activities	34.3	36.6	(6.3)	528.22	573.52	(7.9)
Prof. & Business Services	35.0	32.9	6.4	578.20	555.68	4.1
Health Care & Social Assistance	34.6	33.3	3.9	588.20	540.46	8.8
Leisure & Hospitality	22.6	21.7	4.1	182.38	177.94	2.5
Auto. Repair & Maintenance	35.2	35.8	(1.7)	542.78	534.49	1.6
Personal & Laundry Services	26.4	27.8	(5.0)	316.54	376.97	(16.0)

Source: U.S. Department of Labor, Bureau of Labor Statistics

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

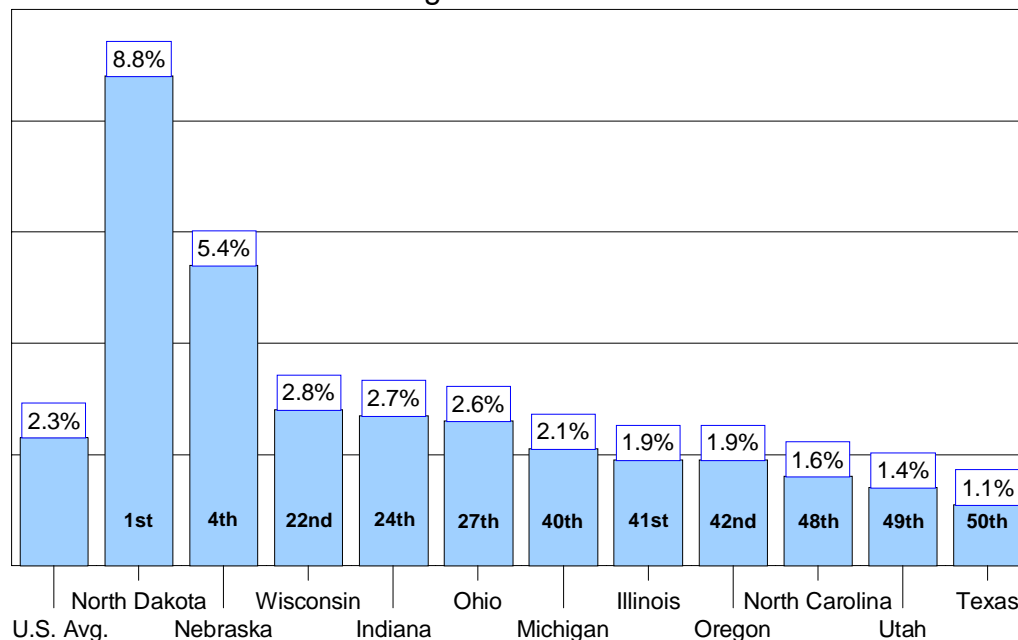
	April 2004	March 2004	February 2004	April 2003
Metropolitan Statistical Areas				
Ann Arbor	3.3%	4.5%	4.1%	4.0%
Benton Harbor	6.0	7.6	7.6	6.4
Detroit	6.1	7.7	7.2	7.0
Flint	7.8	9.8	9.6	9.2
Grand Rapids	5.7	7.3	7.1	8.2
Jackson	6.1	7.7	7.4	7.8
Kalamazoo-Battle Creek	5.4	6.6	6.4	5.8
Lansing-East Lansing	4.1	5.3	5.1	4.4
Saginaw-Bay City-Midland	7.3	8.9	8.5	8.0
Multi-County Areas				
Northeast Lower Michigan	9.1	12.9	12.2	11.6
Northwest Lower Michigan	7.1	9.5	9.0	8.7
Upper Peninsula	8.8	9.1	8.5	8.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	6.0	7.7	7.3	7.2
Source: Michigan Department of Labor and Economic Growth.				*Preliminary.



**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Apr. 2004	Mar. 2004	Feb. 2004	Jan. 2004	Year Ago Aug	Percent Change From:	
						Apr./Mar.	Apr. 2004/ Apr. 2003
Motor Vehicle Sales ^{1,2)}							
Autos	7,373	7,717	7,414	7,056	7,728	(4.5)%	(4.6)%
Domestics	5,179	5,587	5,340	5,236	5,550	(7.3)	(6.7)
Imports	2,194	2,130	2,074	1,820	2,178	3.0	0.7
Import Share	29.8%	27.6%	28.0%	25.8%	28.2%	----	----
Light Trucks	8,997	8,893	8,922	9,013	8,409	1.2	7.0
Domestics	7,846	7,637	7,703	7,812	7,114	2.7	10.3
Imports	1,151	1,256	1,219	1,201	1,295	(8.4)	(11.1)
Import Share	12.8%	14.1%	13.7%	13.3%	15.4%	----	----
Heavy Trucks	381	407	406	398	292	(6.4)	30.5
Total	16,751	17,017	16,742	16,467	16,429	(1.6)	2.0
U.S. Motor Vehicle Production ^{1,2)}							
Autos	4,325	4,453	4,531	4,028	4,406	(2.9)	(1.9)
Michigan Motor Vehicle Production ^{2,3)}							
Autos	1,569	1,389	1,426	1,362	1,592	12.9	(1.5)
Trucks	1,440	1,348	1,290	1,183	1,095	6.8	31.5
Total	3,009	2,738	2,716	2,546	2,687	9.9	12.0
Michigan Production as % of U.S.	23.2%	22.9%	22.8%	20.7%	21.7%	----	----
U.S. Motor Vehicle Inventories ⁴⁾							
Total Car	1,652	1,741	1,679	1,663	1,772	(5.1)	(6.8)
Days Supply	66	64	68	85	64	3.1	3.1
Total Truck	2,650	2,509	2,367	2,237	2,253	5.6	17.6
Days Supply	90	82	83	95	79	9.8	13.9

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

**Growth In Per Capita Personal Income, 2002 to 2003
Ranking for Selected States**


Source: Bureau of Economic Analysis, U.S. Department of Commerce.

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	May	134.3	134.8	23.0	(0.4)%	9.2%
Coincident Index ¹⁾ (1992=100)	April	142.0	141.2	36.6	0.6	4.0
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	May	1,967	1,981	1,748	(0.37)	12.5
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	May	\$303.9	\$300.0	278.8	1.3	9.0
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	May	116.9	115.7	10.0	1.1	6.3
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	May	77.8	77.1	4.1	0.9	5.0
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	May	188.8	187.6	83.3	8.0	3.0
Detroit (not seasonally adjusted)	April	184.7	183.4	82.2	4.3	1.4
Interest Rates						
3-month Treasury Bill ³⁾	May	1.04%	0.94%	.08%	---	---
Corporate Aaa Bonds ³⁾	May	6.04%	5.73%	.22%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2004 1 st Qtr.	\$10,716.0	\$10,660.1	10,210.4	4.4	5.0
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	May 2004	1,417.5	\$1,994.2	1,420.8	NM	(0.2)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

